

HOUSE BILL No. 2015

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-3-11; IC 6-3-3-12.

Synopsis: High school contribution tax credit. Provides an adjusted gross income tax credit for charitable donations to public and accredited private high schools located in Indiana for taxable years beginning after December 31, 1998. Indexes the credit in future years to the change in the Consumer Price Index.

Effective: January 1, 1999 (retroactive).

Turner

January 27, 1999, read first time and referred to Committee on Ways and Means.

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First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2015

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-3-11 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 1999 (RETROACTIVE)]: **Sec. 11. (a) As used in this**
4 **section, "public or accredited private high school" means any**
5 **combination of grades 9, 10, 11, or 12 offered by the following:**

6 (1) A school corporation subject to IC 20.

7 (2) A special education cooperative (as defined in
8 IC 20-1-6-20).

9 (3) A nonpublic school accredited during any part of the
10 taxable year under rules adopted by the Indiana state board
11 of education.

12 (b) At the election of the taxpayer, there is allowed, as a credit
13 against the adjusted gross income tax imposed by IC 6-3-1 through
14 IC 6-3-7 for the taxable year, an amount (subject to the applicable
15 limitations provided by this section) equal to fifty percent (50%) of
16 the aggregate amount of charitable contributions made by the
17 taxpayer during a taxable year to a:



(1) public or accredited private high school located in Indiana; or

(2) corporation or foundation organized and operated solely for the benefit of a public or accredited private high school located in Indiana.

(c) In the case of a taxpayer other than a corporation, the amount allowable as a credit under this section for any taxable year may not exceed two hundred dollars (\$200), as increased under section 12 of this chapter, in the case of a single return, or four hundred dollars (\$400), as increased under section 12 of this chapter, in the case of a joint return.

(d) In the case of a corporation, the amount allowable as a credit under this section for any taxable year may not exceed:

(1) ten percent (10%) of the corporation's total adjusted gross income tax under IC 6-3-1 through IC 6-3-7 for the taxable year (as determined without regard to any credits against that tax); or

(2) five thousand dollars (\$5,000), as increased under section 12 of this chapter;

whichever is less.

(e) The credit allowed by this section may not exceed the amount of the adjusted gross income tax imposed by IC 6-3-1 through IC 6-3-7 for the taxable year, reduced by the sum of all credits (as determined without regard to this section) allowed by IC 6-3-1 through IC 6-3-7.

(f) A taxpayer subject to an income tax under IC 6-2.1 as well as under IC 6-3-1 through IC 6-3-7 may elect to claim the credit allowed by this section against the income tax imposed by IC 6-2.1, but in no event may a credit be claimed against both taxes.

SECTION 2. IC 6-3-3-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]: **Sec. 12.** (a) This section applies only to the maximum tax credit limits specified in section 11 of this chapter.

(b) As used in this section, "CPI" is the average of the Consumer Price Index at the end of the twelve (12) month period ending June 30 of a calendar year.

(c) As used in this section, "Consumer Price Index" means the latest Consumer Price Index for all urban consumers published by the United States Department of Labor. If the United States Department of Labor revises the Consumer Price Index after January 1, 1999, the term refers to the Consumer Price Index most



consistent with the Consumer Price Index for the state fiscal year ending June 30, 1998.

(d) Not later than December 1 of each calendar year, the department shall prescribe maximum tax credit limits that apply instead of the maximum tax credit limits specified under section 11 of this chapter for taxable years that begin in the succeeding calendar year.

(e) A maximum tax credit limit that applies with respect to taxable years beginning in the succeeding calendar year is equal to the greater of the following:

(1) The maximum tax credit limit applicable to taxable years beginning in the current calendar year.

(2) A maximum tax credit limit determined under STEP THREE of the following formula:

STEP ONE: Determine the maximum tax credit limit for taxable years beginning in the current calendar year.

STEP TWO: Determine the percentage, rounded to the nearest one-hundredth percent (0.01%), by which the CPI for the twelve (12) month period ending June 30 of the current calendar year exceeds the CPI for the twelve (12) month period ending June 30 of the preceding calendar year.

STEP THREE: Increase each STEP ONE amount by the STEP TWO percentage. If the amount determined under this STEP is not a multiple of one dollar (\$1), round the amount to the next lowest multiple of one dollar (\$1).

(f) The department shall publish the maximum tax credit limits determined under this section in the Indiana Register and in the appropriate tax forms and informational material provided to taxpayers.

SECTION 3. [EFFECTIVE JANUARY 1, 1999 (RETROACTIVE)]

(a) IC 6-3-3-11, as added by this act, applies only to taxable years beginning after December 31, 1998.

(b) The department of state revenue shall make the initial computation under IC 6-3-3-12, as added by this act, not later than December 31, 1999. The maximum tax credit limits determined under IC 6-3-3-12, as added by this act, apply only to taxable years beginning after December 31, 1999.

SECTION 4. An emergency is declared for this act.

